

~~SECRET~~Appendix CPossible Scenarios for Indonesia's Future

Both in the short and, particularly, over the long run, it is possible to imagine a variety of scenarios in which Indonesia might pursue a foreign policy more hostile to the West.

Short Run Scenarios

First is the short run question of the durability of the Present Suharto Government, its reelection prospects in 1982-83 and US-Indonesian bilateral issues which could become especially sensitive in the context of Suharto's probable effort to be re-elected. An important element is the prospect of a serious effort by opponents of Suharto to see him step down. Although some opposition groups, such as the dissident retired military officers who have signed the "petition of 50" are not questioning the system -- i.e., they wish to see a new military leader established to pre-side over the existing government -- other groups, including Muslims and some students, Sukarnoists, etc, support systemic changes.

1) Suharto Cools Toward The West

Three types of worrisome scenarios can be envisaged in this period. First, in an effort to preempt his opposition on both the left and the right, much of which is anti-Western, Suharto may distance himself from Western interests. There is a growing popular nostalgia in Indonesia for the swashbuckling nationalism of the predecessor Sukarno regime. This is a result of what is widely perceived to be a stale-ness, corruption, and a sense of drift in the New Order. Many critics say that the spirit of Indonesian nationalism has been lost. According to a first-hand account received by the U.S. Embassy in Jakarta, Suharto's first reaction to our cessation of straits passage notification arrangements was to indicate that his government might be obliged to revise its posture towards the West if this issue were exploited by either the leftist or rightist opposition press. Although historical antagonists of Sukarnoism, the Muslim opposition sometimes joins the left "nation-alists" in deploring the Suharto government's close iden-tification with Western economic and political interests. Suharto, therefore, has good reason to assume a cautious, defensive posture for the next two to three years on a number of sensitive issues which have in the past evoked

State Dept. review completed

~~SECRET~~

~~SECRET~~

- 2 -

strong nationalist emotions, e.g. the exploitation by foreign multinational companies of Indonesia's oil; minerals; and timber; the use of foreign assistance programs to influence domestic policies; links between senior government officials; Western banking interests and domestic Chinese entrepreneurs; and the U.S. military's use of air and sea lanes throughout the archipelago.

2) New Military Leader Takes Power and
Distances Indonesia from the West

A second possibility in 1982-83 would be that some dissident military officers succeed in forcing Suharto out and replacing him with a military leader much less sympathetic to the West. Any new general following Suharto might be tempted to exploit latent anti-Western emotions in an effort to establish a wider basis of legitimacy.

3) A Broad Opposition Coalition Takes Power

Finally, the Muslims, Sukarnoists, some students, and some younger army officers, may come together in support of systemic changes. It appears unlikely that such a broad change could occur in the near term but in light of the unexpected changes in Iran, we cannot fully discount the possibility that various opposition elements uniting against Suharto could topple the present system in the 1982-83 period. Events in the region and U.S. policies would be major factors in determining whether such a radical change would occur.

Long Run Scenarios and Backlash Against
Western-Style Modernization

Over the long run, i.e. the mid and late 1980's the threats to Indonesia's pro-Western policy are even more serious. There can be little doubt that social, economic and political pressures are building. At the same time, the extended tenure of the pro-Western "Generation of '45", a group of military leaders who played a key role in the 1945 revolution, will come to an end. The United States has enjoyed a favorable position in Indonesia over the past 15 years in large measure through a network of close personal contacts with this aging generation of military leaders.

Within the next decade, however, as this generation of '45 dies or retires, there will be an abrupt change in the leadership of the army. Power will pass to a younger group of army officers who have had much less experience with U.S. institutions and who, to say the least, will probably not be as receptive to U.S. influence as their predecessors. Among

~~SECRET~~

- 3 -

these younger officers, it is certainly conceivable that there may be a Nasser or a Sukarnoist anxious to distance Indonesia from the West, to establish a broader base of support among the Indonesian poor by appealing to their populist instincts, and even to bring about some fundamental changes in the existing capitalistic-bureaucratic system.

A wholesale change in the now pro-Western military elite during the 1980's might not be so worrisome in and of itself. But if that change were to coincide with a social upheaval brought about by rising social, economic and political pressures, the result could be a revolution that would take an anti-Western form.

The beginnings of a fundamental backlash against Western-style modernization is already clearly in evidence in Indonesia. Many critics of the New Order say that the spirit of Indonesian nationalism has been lost and that it is difficult to convince the youth of the successes of Western-style modernization when, after years of devotion to the economy, Indonesians are still among the world's poorest people, and, in per capita terms, noticeably poorer than their smaller ASEAN colleagues. Then, too, Western-style modernization inevitably brings with it an increase in corruption, a widening of inequalities, and other aspects which can easily be made the target of a determined anti-Western populist coalition. A growing rift between a government/military/entrepreneurial elite and the rest of the population has been documented in many recent studies, and criticism of the corruption and wealth of this elite has been the main theme of opposition groups. This could provide a potential unifying force for a presently divided opposition.

Thus, at some point later in the 1980's, it would be possible to imagine a coalition between more nationalistic army officers from the post-1945 generation, students, intellectuals and the secular branch of the Islamic opposition. Such a coalition could constitute a new leftist/nationalistic/Islamic revolutionary elite determined to bring about some fundamental changes in the Indonesian socio-economic and political system.

In sum, there are very real possibilities for an Indonesian "Iran" in the 1980's. The form that a backlash against Western-style modernization would take in Indonesia would, to be sure, differ from the one it took in Iran. The result of a fundamentalist backlash in Indonesia would most certainly not be an Indonesian Ayatollah; but it could well be an Indonesian Nasser or a new Sukarno.

SECRET

- 4 -

The abandonment of the present military-led, Western-oriented, bureaucratic/capitalist model of development for an inwardly looking, fundamentalist, leftist/nationalist regime would almost certainly lead to a change in Indonesian foreign and domestic policy that would severely strain ties with the West. Such an Indonesia would probably move more closely to the radical Arab countries like Syria and Libya. It would have many fewer constraints on whether to receive arms from the Russians or grant them naval facilities. Its "nationalist" politics at home would almost certainly make it much more hostile to Western interests.

SECRET

~~SECRET~~Appendix DRanking of OPEC Per Capita Oil Income Earnings - 1979

United Arab Emirates	\$32,000
Qatar	29,000
Kuwait	21,000
Saudi Arabia	13,000
Iraq	3,000
Gabon	2,600
Venezuela	1,400
Libya	900
Iran	800
Algeria	700
Nigeria	350
Ecuador	185
Indonesia	82

~~SECRET~~